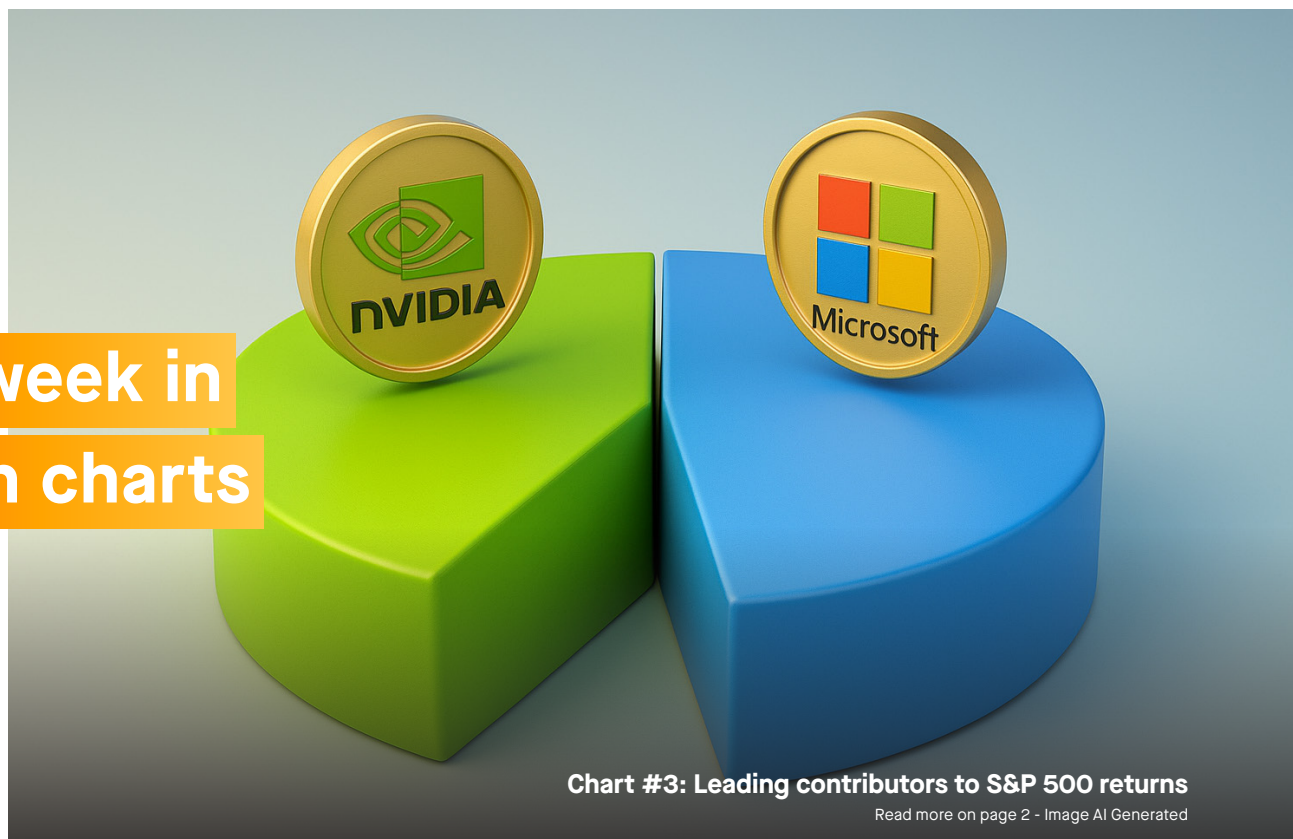


## The week in seven charts



### Nvidia and Microsoft alone account for almost half of S&P 500 returns this year

Plus, US exceptionalism still stands strong. Each week, the Syz investment team takes you through the last seven days in seven charts.

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### Chart #1

## US stocks have overtaken Europe in 2025 (in local currencies)

Many investors anticipated that Germany's "whatever it takes" fiscal stimulus and a sharp rise in European defence spending would drive a sustained upturn in the region's equity markets. At the beginning of the year, a Bank of America (BofA) survey of fund managers showed allocations to Eurozone stocks, reaching their highest level since 2021.

That momentum has since faded. Strong earnings from the US mega caps have propelled Wall Street stocks to fresh highs, despite Trump's tariff offensive and deteriorating US economic data. By comparison, weak second-quarter earnings in Europe have supported the growing view that the region's stock rally is wearing down.

With over half of the Stoxx Europe 600 companies having reported earnings, the index is on track to deliver zero earnings growth compared with a year ago, according to BofA, sapping optimism over a durable market recovery.

Meanwhile, the S&P 500 index's constituents are projected to deliver 9 per cent year-on-year average earnings growth fuelled largely by strong results from Silicon Valley's tech giants and Wall Street banks, according to BofA.

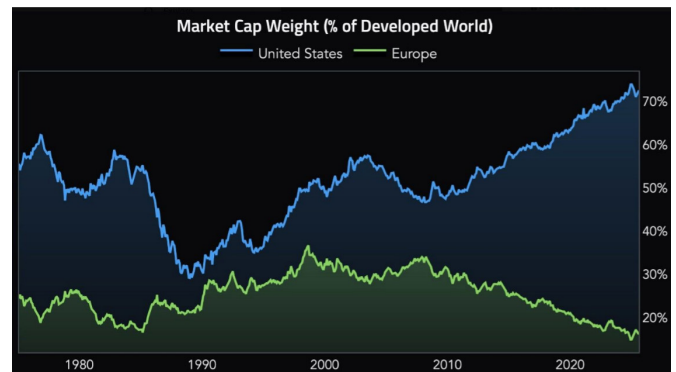


Source: Financial Times, LSEG

### Chart #2

## So much for the end of US exceptionalism...

US equity market cap as a percentage of the developed world total rose for a third month to 72.5% at the end of July, while Europe's weight declined to 16.1%. Historically, this marks the widest gap between US and Europe market shares, extending the trend of US dominance that intensified in the early 2010s.



Source: Augur Infinity

### Chart #3

## Leading contributors to S&P 500 returns

Nvidia and Microsoft alone account for almost half of S&P 500 returns this year. Palantir shares now make the top five list this year. With a 4.4% contribution to returns, this reflects its rising market influence.



Source: Tatiana Darie, MLIV, Bloomberg thru Joumanna Bercetche

#### Chart #4

### Ever wonder why S&P 500 concentration is hitting record highs?

Investors are piling into mega tech for a clear reason: great free cash flow generation and robust net income growth. The net income gap between the top 10 market leaders and the broader index continues to expand. Without the top 6, S&P 500 earnings growth is stagnating. Meanwhile, around 40% of Russell 2000 small caps remain unprofitable.

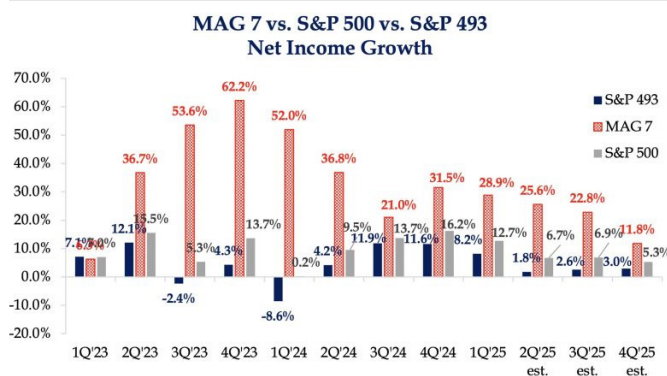


Source: FT

#### Chart #5

### Mag7 stocks earnings growth continue to outpace the rest of the market dramatically

The S&P 493, meaning the S&P 500 excluding "Magnificent 7", is expected to deliver just 2-3% net income growth in Q2, Q3, and Q4. Being slower than inflation, in real terms this indicates that most of the market is barely growing. By contrast, the Magnificent 7 are consistently delivering double-digit gains, driving nearly all the S&P500's earnings growth.



#### Chart #6

### Open AI valued at half a trillion dollars...

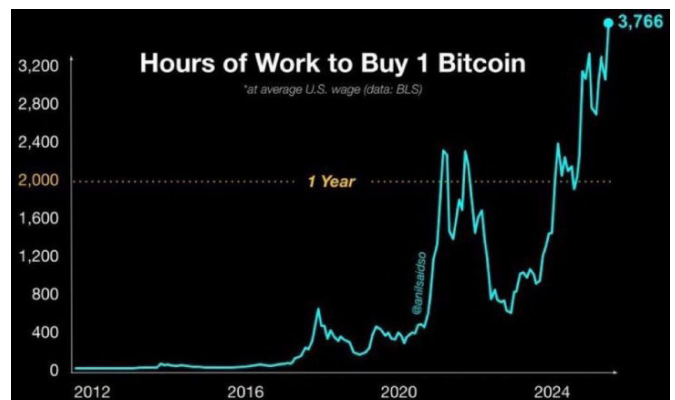
OpenAI could soon be valued around \$500bn through a potential stock sale for employees. The company is reportedly in preliminary discussions to let current and former employees sell their shares, a move that could value OpenAI at roughly \$500bn.



#### Chart #7

### Hours of work to buy 1 bitcoin in America

The average American now needs to work nearly two full years to buy a single bitcoin. This marks the highest level recorded, surpassing the previous peak in 2021.



# Welcome to Syzerland®

## For further information

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